

Audit's NEWS ANALYSIS OF SECURITIES OF REAL ESTATE INVESTMENT TRUSTS

Realty Trust Review

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INVESTMENT OUTLOOK: TRUST STOCKS BOOSTED BY BELIEF THAT INTEREST HAS PEAKED

Realty trust stocks surged in tandem with the Dow-Jones Industrials the past month, trust shares rising 8.3% (Table, p. 3) while the DJI jumped 7½%. The rise during the widely watched trading days at year-end is heartening because patterns at this time tend to foretell market action during the full year.

Investors are saying they believe interest rates have peaked for now and that fears of a 1979 recession have been overdone. Thus we now look for 1979 to be a reasonably good year for stocks in general and it may be a very good year for the non-dividend paying recovery stocks, as outlined last issue (RTR, Jan. 12).

Our market forecast is based on the conviction that 1979 will be a transitional year in which the nation begins to make tangible and observable progress in reining inflation -- progress not directly caused by Carter Administration wage-price guidelines but resulting from political pressures built up as double-digit inflation simply becomes intolerable to the great mass of citizens.

Domestic political pressure to leash Washington's money printing presses shows up everywhere: in President Carter's budget, in state-of-the-state messages, and in Calif. Gov. Gerry Brown's endorsement of a constitutional amendment to require a balanced Federal budget. That political ploy has already outraged Washington's liberals, who now seem to under-

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REAL ESTATE DISCLOSURE DIGEST's Jan. 19 issue finds inflation waning in its annual outlook issue, and presents Relative Appeal Ranking reviews for twelve major home-builders who stand to benefit, plus four major land developers: Deltona, GDV, Inc., AMREP Corp. and Horizon Corp.

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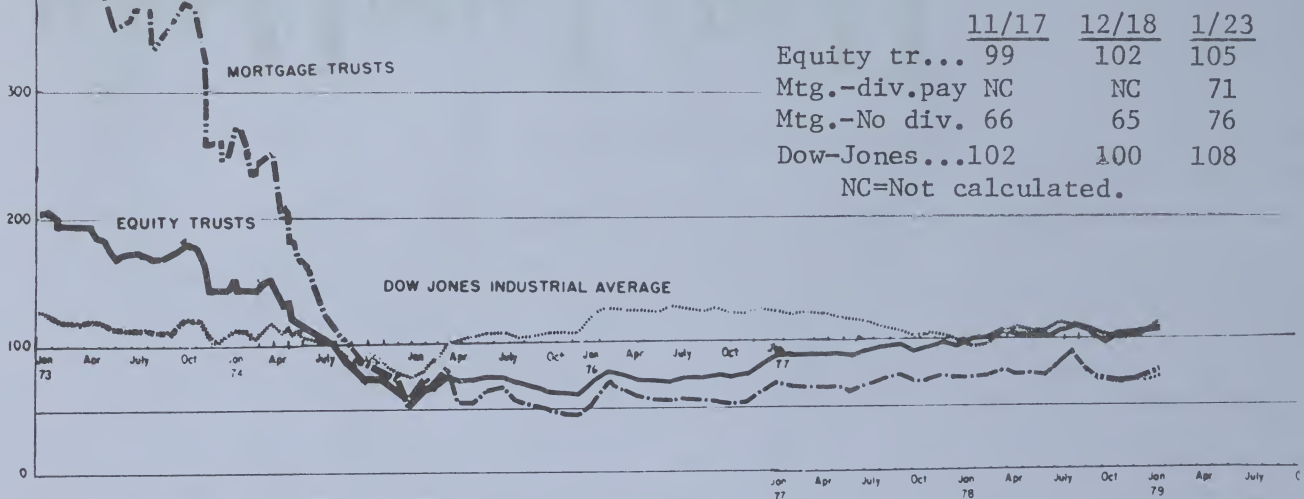
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AUDIT INVESTMENT INDEX

(BASE PRICE ON 12/30/66=100)

Market Price Index



AUDIT INVESTMENT INDEX REVISED: With this issue we are splitting the mortgage trust index into two groups we hope will provide more meaningful information: 1) A group of 13 dividend-paying mortgage trusts, and 2) A group of 35 non-dividend payers, mostly recovery situations. The equity (property) trust group contains 17 trusts. All 65 stocks are actively traded. The graph above has been revised to show only the trend of the past five years, since 1973, and add detail for your use.

stand, reluctantly, that they'd better control the Federal budget or the people will force them to do so.

This is not a political speech but to underscore our reading that political forces are in motion to reduce inflation and strengthen the dollar on a longer-term basis of three-five years. All that should bring lower interest rates, perhaps not in 1979 but later, and should enhance the value of real estate, a long-term asset whose value depends intimately upon a stable economic climate.

That's why you can expect more control fights for the pot of assets and taxloss benefits in the recovering trusts as 1979 unfolds. But since interest is likely to remain high for most of the year, stocks of dividend payers aren't likely to be such dynamic performers. You can see that pattern in our revised Index above.

The big play ahead is in stocks of the non-dividend payers. Since we discussed this last issue, five holders of about 46½% of Compass Investment Group (formerly Barnett Winston) have announced plans to seek to gain control at the annual meeting. The group includes California investor Joseph Akerman, once a REIT security

analyst, and John Wertin, head of an Irvine, Cal. housing development company bearing his name.

No further details have been unveiled in Philadelphia insurance man Sidney Baer's effort to seek control of Fidelco Growth Investors. Two other potential control changes: Capital Mtg. plans a friendly merger while UMET Trust is a takeover target (see p. 7).

Security Mortgage Inv. is proposing to sell 923,077 sh. or about 12½% of shares to the Smith Barney Real Estate Corp., controlling owner of the trust's adviser. The proposed sale, at \$3.25/sh., would pump \$3 million in new cash into the trust and let it repay enough bank debt to permit recasting of its bank debt. But opposition is forming because the sale price, while above market when the deal was set, is 45% below SMO's hard book of \$5.95/sh. One shareholder suit to halt the Feb. 13 annual meeting has been dismissed. The proposed sale would reduce book value to \$5.61/sh. or by 5.7% on 7.4 million shares pro forma. Sale or exchange of shares below book value is rare--REIT of America, for instance, has done so--and may even be necessary so that a

(Turn to p. 7)

DIVIDEND TRENDS: BIG JUMP BY ICM REALTY LEADS FIVE UPTICKS IN JANUARY PAYOUTS

ICM Realty capped a strong recovery year by declaring a 50.3¢ annual dividend, up 113% from last year's 23.6¢. ICM pays out its taxable income, which differs substantially from the 80¢/sh. reported for public shareholders. Because these variations are unpredictable, only an annual payout is made. The payout is taxable as ordinary income. Over 8% of ICM's shares are now held by Eastover Corp. (formerly First Commerce Realty) and Eastover Pres. Leland R. Speed has joined ICM's board. ICM cut bank debt to \$14.8 million in the Nov. 1978 fiscal year.

Big raises were posted by Amer. Equity Inv. Trust, up 33% from the previous quarter on improving results; Baird & Warner Mtg. & Rlty., up 43% to 5¢/sh. on a payout reflecting higher

Trust	Record date	Quarterly dividend/share			-% Chng. from	
		Latest	Previous	Year-ago	Prev. Q	Yr-ago
Amer. Equity Inv. Tr.	1/19	0.40	0.30	0.18	+33%	+122%
Baird & Warner M&R....	12/1/78	0.05	0.035	0.035	+ 43	+43
Commonwealth Rlty....	1/30	0.20	0.20	0.20	UC	UC
Conn.Gen. M&R.....	1/26	0.45	0.45	0.40	UC	+13
Consol. Capital Rlty....	1/17	0.1717M	0.1717M	0.17M	UC	+ 1
Del-Val Finc'l. Corp.	1/19	0.115M	0.115	0.115	UC	UC
Equit. Life Mtg. & Rl.	1/15	0.50	0.50	0.55 + 0.20 EX	UC	- 9
GREIT Realty.....	1/17	0.10	0.10	0.10	UC	UC
Hotel Investors.....	1/17	0.45	0.45	0.42	UC	+ 7
ICM Realty.....	1/29	0.503a	—	0.236a	NC	+113
JMB Realty.....	1/15	0.50	0.50	0.40	UC	+25
Lomas & Neel. Mtg....	2/2	0.49	0.48	0.42	+ 2	+17
Miller (Henry) Rlty....	1/3	0.28	0.25	0.20	+12	+40
New Plan Realty.....	3/1	0.065M	0.06M	0.053M	+ 8	+23
NW Mut. Life Mtg.....	1/19	0.25	0.25	0.25	UC	UC
PNB Mtg. & Rlty.....	1/29	0.27	0.22	0.20	+23	+35
Riviere Realty.....	1/12	0.15	0.15	0.125	UC	+20
Sutro Mtg. Inv. Tr....	2/2	0.25	0.25	0.20	UC	+25
U.S. Bancorp R&M.....	1/5	0.20	0.20	0.00	UC	+100
United Realty.....	1/29	0.20	0.21	0.20	- 5	UC

UC=Unchanged. M=Monthly. S=Semianual. EX=Year-end extras. L=Liquidating. NC=Not compared. Trusts reducing dividend from previous quarter underlined. a=Pays annual dividend only (ICM Realty).

depreciation as 40% of assets are now in properties; PNB Mtg. & Rlty. up 23% from the prior quarter partly on a large property sale (p. 8); Henry S. Miller and New Plan Realty, up 12% and 8% respectively. United Realty cut back 5% to 20¢/sh. as it absorbed 5¢/sh. litigation charges.

COMPARATIVE TRUST GROUP AVERAGE 01/23/79

GROUP	QUAL	NON-QUAL	TOTAL	SHARE (000)	BOOK VALUE	ANN DIV*	EARN ANN*	LAST PRICE	-% CHNG MON AGO	FROM-- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MARKET VALUE	
PROPERTY-LARGE	21	0	21	2247	11.18	1.09	1.21	13.29	3.9	2.6	10.9	8.2	18.9	10.9	691.3	
-SMALL	7	0	7	955	11.69	1.06	1.22	11.41	5.9	4.9	9.3	9.3	-2.4	10.5	72.8	
-SUBOR LAND	3	0	3	1862	16.16	1.23	1.21	11.50	3.4	-0.7	9.5	10.7	-28.8	7.5	56.4	
AVERAGE 3 PROP GROUPS			31	1918	11.77	1.09	1.21	12.69	4.3	2.8	10.4	8.6	7.8	10.3	820.5	
PROP & MTG COMBINATION	13	10	23	2186	9.78	0.42	0.76	7.17	8.4	6.0	9.3	5.9	-26.7	7.9	418.6	
SHORT-TERM MTG	11	0	11	1757	15.09	0.61	0.85	9.06	11.2	7.4	10.7	6.8	-40.0	5.6	190.2	
LONG-TERM MTG/PROP	13	0	13	3483	14.63	1.00	0.97	10.04	11.1	9.3	10.4	9.9	-31.4	6.6	444.6	
MTG/FCLSD PROP-MISC	7	7	14	2673	4.95	0.00	0.93	3.04	21.3	17.5	3.3	0.0	-38.5	18.9	112.3	
-BANK	0	16	16	2196	5.35	0.00	0.48	3.38	13.1	10.4	7.0	0.0	-36.9	9.0	97.4	
-INDEPEND	0	32	32	3225	0.46	0.00	0.25	1.94	12.6	9.0	7.9	0.0	320.5	53.4	156.4	
AVERAGE 3 MTG/FCLSD PROP			62	2834	2.73	0.00	0.46	2.55	15.0	11.6	5.5	0.0	-6.5	16.9	366.1	
OVERALL AVERAGE	75	65	140	2500	7.97	0.45	0.75	6.76	8.3	6.1	8.9	6.7	-15.1	9.5	2240.0	
DOW-JONES INDUSTRIAL AVERAGE								101.59	846.85	7.5	5.2	8.3	5.7			

*LATEST QUARTER ANNUALIZED.

STRAIGHT BONDS

STRAIGHT BONDS

ISSUER & DESC.	EX	INT.	MAT	MIL \$	PRICE	% CHANGE	% YIELD	ISSUER & DESC.	EX	INT.	MAT	MIL \$	PRICE	% CHANGE	% YIELD
BARNETT MTG-C	OC	6.75	'91	5.3	45.00	0.0	15	MTG INV WASH-BG	OC	11.25	'80	15.0	81.00	1.3	13
BARNETT MTG-CD	OC	8.50	'98	9.5	73.00	-2.6	11	NATIONWIDE RE-C	OC	7.00	'91	6.5	70.50	-2.0	9
BAY COLONY PROP-B	PS	8.50	'89	17.0	63.00	0.0	13	NJB PRIME INV-C	OC	7.00	'80F	4.7	32.00	6.7	VJ
BAY COLONY PROP-C	NY	8.50	'81F	6.8	87.00	2.4	9	NO AMER MTG-B	PS	8.50	'87	12.1	60.00	-11.7	14
BT MTG INV-C	OC	5.75	'82	19.4	53.00	0.0	10	NO AMER MTG-C	NY	5.50	'79	16.3	87.50	-2.8	6
CHASE MAN TR-A	OC	7.88	'78F	36.7	74.00	4.2	DEF	REALTY REFUND	NY	11.38	'98	20.0	93.00	2.5	12
CHASE MAN TR-C	OC	7.50	'83	41.2	38.50	37.5	DEF	REALTY REFUND-C	NY	12.00	'98	15.0	96.00	2.1	12
CITIZENS MTG INV-B	OC	8.50	'80	20.0	36.00	9.1	VJ	SAUL (B.F.)-C	NY	8.50	'80	25.0	94.38	3.7	9
CONT ILL RLT-B	NY	7.63	'79	25.0	92.00	-1.0	8	SECURITY MTG-B	AS	7.25	'82	37.5	85.00	0.0	8
COUSINS M&E-C	NY	6.50	'82F	30.0	65.75	15.4	9	SECURITY MTG-C#	OC	6.00	'82	5.3	67.00	0.0	9
DOMINION MTG-C	OC	8.00	'87	11.0	46.00	0.0	VJ	SO ATLANTIC-C#	NY	6.75	'82F	16.9	70.00	10.9	9
FIRST MTG INV-A	OC	6.75	'82	9.1	53.00	0.0	12	STATE MUT INV-B	NY	9.00	'80F	6.2	91.00	1.1	9
FIRST NEWPORT-B	OC	8.75	'79	7.4	91.00	1.1	9	TPI-SOUTH MTG-B	NY	7.75	'80F	11.4	89.75	13.4	8
FIRST VA MTG-A	OC	4.00	'80	15.0	70.00	0.0	5								
FIRST VA MTG-BH	OC	11.50	'80	5.0	80.00	0.0	14								
GAR PROPERTIES-C	AS	7.70	'80	20.0	90.00	18.2	8								
GREAT AMER MGMT-C	OC	7.55	'79	25.0	32.00	-5.8	VJ								
GREAT AMER MGMT-C	OC	8.75	'83	25.0	18.50	-7.4	VJ								
GROWTH RLT-C	NY	6.75	'82	9.2	75.00	3.1	9								
GUARDIAN MTG-B	OC	7.50	'79	25.0	35.00	0.0	VJ								
GUARDIAN MTG-C#	OC	6.75	'86	8.6	27.00	8.0	VJ								
IDS REALTY-H	OC	---	---	99.0	60.00	20.0	NC								
INSTITNL INV-B	NY	7.88	'80	20.0	85.75	15.7	9								
JUSTICE MTG-B	OC	7.75	'79	9.6	42.00	2.4	VJ								
MIDLAND MTG-B	NY	8.00	'80	17.1	87.00	3.6	9								

DESCRIPTION: A-SENIOR; B-SENIOR SUBORDINATE; C-SUBORDINATE OR JUNIOR SUBORDINATE; D-COMFORTIBLE AT \$1.62; E-VARIABLE AT 1 1/2% OVER MONTHLY PRIME; G-VARIABLE AT 1 1/4% OVER PRIME IN OCT. AND APRIL; H-FIVE SERIES; A-F: 6-7/8%, 7-1/8%, 7-3/8%, TWO VARIABLE; 1987-94. VJ-BANKRUPTCY REORGANIZATION. X-SUSPENDED BY EXCHANGE. DEF-IN DEFAULT. #MAY BE USED AT PAR TO EXERCISE WARRANTS. F-TRADES FLAT, WITHOUT ACCRUED INTEREST.

RELATIVE APPEAL	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV*	-EARNINGS-- MON ANN*	LAST PRICE	% CHANGE FROM-- MON AGO	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MKT VA (MILS)	
PROPERTY TRUSTS-OVER \$25M ASSETS													
NR	AMER EQUITY IT#	OC-AEQTS	2497	6.51	1.12 ↑ SEP	0.87 7.50 X	1.9	-6.3	8.6	14.9	15.2	13.4	18.7
3N	API TRUST	OC-APITS	1012	7.11	0.00 SEP	0.00 2.00	0.0	-6.1	0.0	0.0	-71.9	0.0	2.0
NR	CONMUTH RITY #	OC-CRTYC	1180	6.56	0.80 ← AUG	1.48 9.50	0.0	0.0	6.4	8.4	44.8	22.6	11.2
4	CONSOL CAP RLY#	OC-COPLS	1989	17.20	2.06 ← AUG	1.24 26.50 X	8.9	6.0	21.4	7.8	54.1	7.2	52.7
1	CONT ILL PROP#	NY-CIE	4808	19.66	1.36 OCT	1.44 15.63 X	1.4	0.0	10.9	8.7	-20.5	7.3	75.1
2	DENVER REIA#	OC-DENV5	1101	8.35	0.72 SEP	2.04 12.25	15.2	16.7	6.0	5.9	46.7	24.4	13.5
1	FEDERAL REALTY#	AS-PRT	1450	9.77	1.36 SEP	1.00 15.75	-1.6	5.8	15.8	8.6	61.2	10.2	22.8
1	FIRST UNION #	NY-FUR	4288	8.63	1.08 OCT	1.24 10.88 X	-0.9	1.2	8.8	9.9	26.1	14.4	46.7
1	FLORIDA GULF#	OC-FGLFS	995	14.43	1.28 OCT	1.40 12.00	0.0	2.1	8.6	10.7	-16.8	9.7	11.9
3	GENERAL GROWTH#	NY-GGP	6202	6.02	1.56 SEP	1.90 27.00 X	2.9	2.4	14.2	5.8	348.5	31.6	167.5
2	GOULD INVESTOR#	AS-GTR	1174	6.97	0.88 SEP	1.32 9.25	5.7	7.2	7.0	9.5	32.7	18.9	10.9
1	GREIT REALTY #	AS-GRT	998	11.31	0.40 ← OCT	0.72 6.88 X	-2.1	-3.5	9.6	5.8	-39.2	6.4	6.9
2	HUBBARD REI	NY-HRE	4004	22.84	1.52 OCT	1.88 17.13	6.2	6.2	9.1	8.9	-25.0	8.2	68.6
1	NEW PLAN RITY#	OC-NPLNS	2537	2.67	0.78 ↑ JUL	0.00 9.25 X	-2.0	0.0	0.0	8.4	246.4	0.0	23.5
1	PENN REIT #	AS-PEI	1516	13.17	1.45 NOV	2.52 16.63	3.9	2.3	6.6	8.7	26.3	19.1	25.2
NR	PRUDENT REIT#	AS-PRU	3146	2.42	0.24 AUG	0.44 3.88	6.9	19.4	8.8	6.2	60.3	18.2	12.2
3	REIT OF AMERICA	AS-REI	1633	21.59	1.40 NOV	1.76 15.63 X	5.8	0.0	8.9	9.0	-27.6	8.2	25.5
2	SAN FRAN RE #	AS-SFI	1376	19.90	1.40 SEP	1.40 18.50	-0.7	0.0	13.2	7.6	-7.0	7.0	25.5
NR	UNIVERSITY REI#	OC-URETS	2514	8.15	0.72 SEP	0.36 9.00	-8.9	-8.9	25.0	8.0	10.4	4.4	22.6
2	VIRGINIA REI#	OC-VARES	1251	10.02	0.80 SEP	0.76 11.75	2.2	0.0	15.5	6.8	17.3	7.6	14.7
2	WASH REIT #	AS-WRE	1518	11.41	1.88 SEP	1.72 22.13	2.9	5.4	12.9	8.5	94.0	15.1	33.6
GROUP AVERAGE			2247	11.18	1.09	1.21 13.29	3.9	2.6	10.9	8.2	18.9	10.9	691.3
PROPERTY TRUSTS-SPECIALITY PROPS & UNDER \$25M ASSETS													
NR	GENERAL RE #	OC-GRELS	557	7.99	0.42 SEP	0.87 7.50	0.0	0.0	8.6	5.6	-6.1	10.9	4.2
3	HOTEL INVESTOR#	AS-HOT	1558	16.90	1.80 ← AUG	1.72 17.38 X	9.7	9.4	10.1	10.4	2.8	10.2	27.1
NR	PITTS & W VA RA	AS-PW	1510	22.72	0.56 SEP	0.80 5.75	0.0	0.0	7.2	9.7	-74.7	3.5	8.7
NR	RE INV PROPS #	OC-REIPS	959	7.60	1.08 SEP	1.24 11.00 X	2.5	0.0	8.9	9.8	44.7	16.3	10.5
NR	REIT OF CALIF	OC-RTCAL	550	9.35	1.28 SEP	1.44 15.00	0.0	0.0	10.4	8.5	60.4	15.4	8.3
NR	TEPRYDALE P#	OC-TPVLS	336	13.95	1.60 SEP	1.66 16.25	16.1	16.1	9.8	9.8	16.5	11.9	5.5
NR	US EQUITY & MTG	OC-USEM	1214	3.35	0.68 OCT	0.84 7.00	-6.7	0.0	8.3	9.7	109.0	25.1	8.5
GROUP AVERAGE			955	11.69	1.06	1.22 11.41	5.9	4.9	9.3	9.3	-2.4	10.5	72.8
PROPERTY TRUSTS-SUBOR LAND LEASEBACK													
2	ICM REALTY	AS-ICM	3011	15.13	0.50 ↑ NOV	0.52 8.88 X	10.4	4.5	17.1	5.6	-41.3	3.4	26.7
2	JMB REALTY	OC-JMBRS	510	19.68	2.00 ← NOV	1.92 15.00 X	0.0	-1.6	7.8	13.3	-23.8	9.8	7.7
3	PROPERTY CAPITL	AS-PCL	2065	13.68	1.20 OCT	1.20 10.63	0.0	-3.4	8.9	11.3	-22.3	8.8	22.0
GROUP AVERAGE			1862	16.16	1.23	1.21 11.50	3.4	-0.7	9.5	10.7	-28.8	7.5	56.4
PROPERTY & MTG COMBINATION													
1	BANKAMER RITY	OC-BRLTS	3547	16.99	1.00 OCT	1.28 11.50	13.5	10.8	9.0	8.7	-32.3	7.5	40.8
3N	BRT REALTY	AS-BRT	1400	2.70	0.00 AUG	0.00 1.63	30.4	30.4	0.0	0.0	-39.6	0.0	2.3
1	CONN GEN M&R#	NY-CGM	5720	18.86	1.80 SEP	1.90 18.63 X	8.2	3.5	9.8	9.7	-1.2	10.1	106.6
2	FLATLEY RITY #	OC-FLTLS	1000	6.93	0.20 SEP	0.60 3.75	7.1	0.0	6.3	5.3	-45.9	8.7	3.8
2N	INDIANA M&R #	OC-INDMS	1154	8.87	0.00 SEP	0.64 4.25	17.1	21.4	6.6	0.0	-52.1	7.2	4.9
1	INVESTORS RL#	AS-IRT	1479	11.11	0.60 AUG	0.76 7.63	-1.5	3.4	10.0	7.9	-31.3	6.8	11.3
1	MILLER HENRY S	OC-HSMTS	560	16.95	1.12 ↑ NOV	1.16 12.50 X	0.2	0.0	10.8	9.0	-26.3	6.8	7.0
1	MORTGAGE GROWTH	AS-MTG	2627	10.65	0.64 AUG	0.52 7.50	11.1	9.0	14.4	8.5	-29.6	4.9	19.7
2	PROP TR AMER#	OC-PTRAS	2338	7.45	0.32 SEP	0.51 4.50	-2.8	-2.8	8.8	7.1	-39.6	6.8	10.5
3	REALTY INCOME	AS-RIT	1573	12.11	1.40 OCT	3.32 11.00	-2.2	0.0	3.3	12.7	-9.2	27.4	17.3
NR	RIVIERE RITY #	OC-RIVIG	783	8.60	0.60 ← SEP	1.00 5.50 X	-1.7	-5.5	5.5	10.9	-36.0	11.6	4.3
2	US BANCORP #	AS-UBT	840	17.12	0.80 ← NOV	1.80 15.00 X	8.6	8.1	8.3	5.3	-12.4	10.5	12.6
3	WELLS FARGO M&E	NY-WFM	3917	17.60	1.20 DEC	1.60 12.25	7.6	7.6	7.7	9.8	-30.4	9.1	48.0
GROUP AVERAGE			2072	12.00	0.74	1.16 8.90	7.1	4.8	7.7	8.4	-25.8	9.7	289.1
SHORT TERM MTG-MTG BANKER & MISC FIN SPONSOR													
2	BAIRD & WARNER	OC-BAIDS	1043	15.85	0.05 OCT	0.00 8.00	10.3	6.7	0.0	0.6	-49.5	0.0	8.3
2N	CENTRAL MTG	OC-CMTS	775	12.81	0.00 SEP	1.20 6.13	22.6	19.5	5.1	0.0	-52.1	9.4	4.8
2	FIRST CONTNL	OC-FCRES	2106	10.32	1.04 NOV	1.08 7.75 X	0.1	-3.1	7.2	13.4	-24.9	10.5	16.3
3	FRASER MTG	OC-FRASS	1038	16.64	1.12 ← NOV	1.08 10.50 X	0.3	0.0	9.7	10.7	-36.9	6.5	10.9
2N	HANOVER SQ RITY	AS-HSQ	946	11.27	0.00 NOV	0.00 6.50	4.0	-7.1	0.0	0.0	-42.3	0.0	6.1
2	LOMAS & NETLTN	NY-LOM	3700	27.83	1.92 SEP	1.92 17.38	15.9	13.0	9.1	11.0	-37.5	6.9	64.3
2	M&T MORTGAGE	OC-MTMS	1482	10.29	1.20 NOV	1.28 9.50	2.7	4.1	7.4	12.6	-7.7	12.4	14.1
1N	MTG TRUST AMER	NY-MT	3860	13.33	0.00 NOV	1.22 6.38	16.0	6.3	5.2	0.0	-52.1	9.2	24.6
2	NATIONWIDE RE	OC-NRELS	1047	24.36	0.40 SEP	0.52 14.00	16.7	12.0	26.9	2.9	-42.5	2.1	14.7
2	SUTRO MTG INV	NY-SUT	2322	15.56	1.00 ← DEC	1.00 9.50	8.6	15.2	9.5	10.5	-38.9	6.4	22.1
2N	WESTERN MTG	BO-WMTGS	1003	7.74	0.00 AUG	0.00 4.00	18.3	18.3	0.0	0.0	-48.3	0.0	4.0
GROUP AVERAGE			1757	15.09	0.61	0.85 9.06	11.2	7.4	10.7	6.8	-40.0	5.6	190.2
LONG-TERM MTGS & PROPERTIES													
3N	BT MTG INVSTRS	NY-BTM	2116	-3.37	0.00 SEP	0.00 1.50	32.7	20.0	0.0	0.0	-0.0	-0.0	3.2
NR	DEL-VAL FIN-CP*	OC-DVALS	1345	9.29	1.38 ← SEP	1.28 10.50 X	-1.3	0.0	8.2	13.1	13.0	13.8	14.1
3	EQUIT LF MTG	NY-EQ	5663	23.43	2.00 ← OCT	2.04 18.25 X	10.3	9.0	8.9	11.0	-22.1	8.7	103.3
3	HOSPITAL MTG#	AS-HMG	1178	22.54	0.60 NOV	0.72 10.50 X	18.3	20.0	14.6	5.7	-53.4	3.2	12.4
1	MASSMUTUAL MTG	NY-MML	4670	19.63	1.36 OCT	1.32 13.50	5.9	8.0	10.2	10.1	-31.2	6.7	63.0
2	MONEY MTG INV	NY-NYM	8951	9.79	0.92 NOV	0.68 8.00 X	2.9	4.8	11.8	11.5	-18.3	6.9	71.6
3	NEWSTRN MUT MT	NY-NML	4758	19.12	1.00 ← DEC	0.80 10.00 X	7.9	0.0	12.5	10.0	-47.7	4.2	47.6
1	PACIFIC SO MTG	OC-PSMTS	800	11.99	0.72 SEP	0.76 8.00	14.3	16.3	10.5	9.0	-33.3	6.3	6.4
3	PNB MTG& RL#	NY-PNI	2437	18.81	1.08 ↑ SEP	0.97 10.13 X	27.9	20.9	10.4	10.7	-46.1	5.2	24.7
3	REALTY REFUND	NY-RRF	1377	17.38	1.68 OCT	1.68 15.25	19.6	17.3	9.1	11.0	-12.3	9.7	21.0
2	RITY & MTG PAC	OC-RPACS	1890	18.00	1.40 NOV	1.52 13.13 X	4.7	7.2	8.6	10.7	-27.1	8.4	24.8
↑ 1N	SECURITY MTG	AS-SMO	6487	5.95	0.00 SEP	0.00 3.50	7.7	3.6	0.0	0.0	-41.2	0.0	22.7
1	UNITED REALTY	AS-URT	3610	17.61	0.80 ↓ NOV	0.80 8.25 X	5.6	1.5	10.3	9.7	-53.2	4.5	29.8
GROUP AVERAGE			3483	14.63	1.00	0.97 10.04	11.1	9.3	10.4	9.9	-31.4	6.6	444.6

#NET CASH FLOW, SEE PAGE 6. *GROSS CASH FLOW. ARROWS DENOTE NEW EARNINGS OR DIVIDENDS AND DIRECTION. ZEROES INDICATE LOSS OR NO EARNINGS FOR QUARTER SHOWN. EXTRAORDINARY GAINS NOT ANNUALIZED. AMERICAN EQUITY & ICM REALTY DIVIDENDS TRAILING 12 MONTHS. PH-PHILADELPHIA EXCHANGE. PS-PACIFIC EXCHANGE. BO-BOSTON EXCHANGE. NR-NOT RANKED. VJ-IN BANKRUPTCY REORGANIZATION. Y-CH. XI REORGANIZATION COMPLETED. Z-CH. XI PROPOSED OR POSSIBLE. -0.0 IN % PRICE TO BOOK INDICATES NEGATIVE BOOK VALUE.

CONTINENTAL MTG. EARNINGS FOR 4 MONTHS ENDED JULY 31, 1978 BEFORE RESULT OF INCLUDING OPERATIONS OF SUBSIDIARIES. NAME CHANGE: ALAMAND CORP. TO MORAGA CORP. GROUP CHANGE: SAUL (BF) REIT FROM PROPERTY & MTG COMBINATION TO PROP & MTG COMBINATION-NON-QUALIFIED (MOST INDEPENDENT); WACHOVIA RITY FROM MTG & FORECLOSED PROPERTY-MISC SPONSOR TO MTG & FORECLOSED PROP-NON-QUALIFIED-COMCL BANK SPONSOR; CITIZENS MTG FROM MTG & FORECLOSED PROP-NON-QUALIFIED-COMCL BANK SPONSOR TO MTG & FORECLOSED PROP-NON-QUALIFIED-INDEPENDENT MGMT.

RELATIVE APPEAL		EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV*	-EARNINGS-- MON ANN*	LAST PRICE	% CHANGE MON AGO	FROM- JAN 1	P/E RATIO	ANN* YIELD	% PR TO BK	RETURN ON BK	MKT VA (MIL\$)	
MTG & FORECLOSED PROPERTY-MISC SPONSOR															
3N	AMER CENTURY MI	NY-ACT	2607	5.29	0.00	SEP	0.00	3.75	25.0	19.8	0.0	0.0	-29.1	0.0	9.8
2N	Y COLWELL MTG	OC-CLMTS	2030	2.74	0.00	SEP	0.00	1.50	-14.3	0.0	0.0	0.0	-45.3	0.0	3.0
3	CONT ILL RLTY	NY-CIR	2797	2.28	0.00	SEP	0.61	2.75	-8.3	4.6	4.5	0.0	20.6	26.8	7.7
4N	WEITMAN MTG	AS-RTM	3292	2.01	0.00	SEP	0.00	1.63	30.4	18.1	0.0	0.0	-18.9	0.0	5.4
2	MIDLAND MTG	NY-NMT	2382	0.25	0.00	SEP	0.05	1.75	7.4	0.0	35.0	0.0	600.0	20.0	4.2
2N	MISSION INV TR	AS-MIT	1812	4.87	0.00	NOV	0.00	4.50	50.0	24.0	0.0	0.0	-7.6	0.0	8.2
3N	NORTH AMER MTG	NY-NAM	4401	8.17	0.00	SEP	0.00	3.13	19.0	13.8	0.0	0.0	-61.7	0.0	13.8
GROUP AVERAGE			2760	3.66	0.00		0.09	2.72	16.9	13.4	28.8	0.0	-25.8	2.6	52.1
PROP & MTG COMBINATION-NON-QUALIFIED (MOST INDEPENDENT)															
3N	AMER REALTY	OC-ARB	2222	3.37	0.00	SEP	0.33	2.00	0.0	0.0	6.1	0.0	-40.7	9.8	4.4
2N	BAY COLONY PROP	NY-BAY	3315	6.50	0.00	NOV	0.31	3.88	10.9	-3.0	12.5	0.0	-40.3	4.8	12.9
2	C I REALTY #	NY-CTX	2609	16.58	0.10	NOV	0.96	12.63	9.8	12.3	13.2	0.8	-23.8	5.8	33.0
3N	CITIZENS GROWTH	OC-CITGS	811	6.85	0.00	OCT	0.02	3.25	8.3	18.2	162.5	0.0	-52.6	0.3	2.2
2N	FRANKLIN RLTY	AS-FR	999	7.93	0.00	SEP	0.04	5.00	2.5	0.0	125.0	0.0	-36.9	0.5	5.0
2N	SAUL (BF) REIT	NY-BFS	5859	4.66	0.00	SEP	0.00	6.88	14.7	7.8	0.0	0.0	47.6	0.0	40.3
2N	SUMMIT PROP #	OC-SMTS	1543	6.73	0.00	JUL	0.00	3.25	18.2	18.2	0.0	0.0	-51.7	0.0	5.0
2N	US REALTY #	NY-UTY	3434	3.95	0.00	SEP	0.28	5.13	8.0	5.1	18.3	0.0	29.9	7.1	17.6
3N	WALTER RLTY #	OC-WALJS	1035	7.74	0.00	OCT	0.35	4.75	5.6	2.6	13.6	0.0	-38.6	4.5	4.9
2N	WISCONSIN RE #	OC-WREIS	1514	4.86	0.00	SEP	0.32	2.50	81.2	53.4	7.8	0.0	-48.6	6.6	3.8
GROUP AVERAGE			2334	6.92	0.01		0.26	4.93	11.5	8.8	18.9	0.2	-28.8	3.8	129.5
MTG & FORECLOSED PROP-NON-QUALIFIED-INDEPENDENT MGMT															
4N	BUILDERS INV	OC-BULDS	2929	0.04	0.00	SEP	0.00	2.63	31.5	10.5	0.0	0.0	6475.0	0.0	7.7
3N	CAPITAL MTG	PH-CMU	1675	-1.24	0.00	SEP	0.00	1.13	50.7	28.4	0.0	0.0	-0.0	-0.0	1.9
5N	VJCITIZENS MTG	OC-CZM	1421	-17.17	0.00	SEP	0.00	0.38	52.0	52.0	0.0	0.0	-0.0	-0.0	0.5
2N	COMPASS INV GP	OC-CHPSS	2923	3.67	0.00	SEP	2.99	1.19	-13.8	-4.8	0.4	0.0	-67.6	81.5	3.5
4N	VJCONTINENTAL MTG	OC-CMI	20838	-3.71	0.00	JUL	0.09	0.24	20.0	26.3	2.7	0.0	-0.0	-0.0	5.0
3N	COUSINS M&E	NY-CUZ	3854	1.23	0.00	NOV	0.22	2.88	9.5	9.5	13.1	0.0	134.1	17.9	11.1
2N	DIVERSIFIED MTG	NY-DMG	7326	8.44	0.00	SEP	0.00	4.00	14.3	10.2	0.0	0.0	-52.6	0.0	29.3
5N	VJDOMINION M&R	OC-DMRTS	639	-9.92	0.00	AUG	0.66	1.00	33.3	13.6	1.5	0.0	-0.0	-0.0	0.6
2N	EASTOVER CORP	OC-EASTS	1034	11.96	0.00	SEP	0.53	8.00	0.0	6.7	15.1	0.0	-32.5	4.5	8.3
5N	FIRST MORTGAGE	OC-FMTGS	8495	-5.98	0.00	JUL	0.01	0.63	26.0	0.0	63.0	0.0	-0.0	-0.0	5.4
3N	FIRST NEWPORT R	OC-FNRIS	2339	3.44	0.00	JUL	0.14	1.50	20.0	8.7	10.7	0.0	-56.4	4.1	3.5
3N	FIRST VIR REIT	OC-FVM	1208	6.89	0.00	SEP	0.56	1.50	-3.8	8.7	2.7	0.0	-78.2	8.1	1.8
5N	VJGREAT AMER M&I	OC-GAA	4456	-11.90	0.00	OCT	0.70	0.50	0.0	31.6	0.7	0.0	-0.0	-0.0	2.2
2N	GROWTH RLTY	NY-GRW	2059	7.66	0.00	SEP	0.00	4.25	9.5	6.3	0.0	0.0	-44.5	0.0	8.8
5N	VJGUARDIAN MTG	PH-GMI	3000	-13.81	0.00	AUG	0.59	0.69	56.8	23.2	1.2	0.0	-0.0	-0.0	2.1
2N	HAMILTON INV	OC-HAMTS	2133	5.43	0.00	SEP	0.40	2.00	6.4	0.0	5.0	0.0	-63.2	7.4	4.3
2N	INSTITUTINAL	NY-INV	6074	2.88	0.00	OCT	0.00	2.13	21.7	6.5	0.0	0.0	-26.0	0.0	12.9
2N	KENTUCKY PROPTY	OC-KITGS	1100	2.61	0.00	AUG	0.00	2.13	21.7	0.0	0.0	0.0	-18.4	0.0	2.3
5N	Y LIFETIME COM	OC-LFTMS	6631	2.67	0.00	JUL	0.17	0.63	-16.0	0.0	3.7	0.0	-76.4	6.4	4.2
2N	LINCOLN MTG	OC-LNMG	1155	0.85	0.00	SEP	0.00	2.25	19.7	19.7	0.0	0.0	164.7	0.0	2.6
5N	VJMETROPLEX RLTY	OC-JMI	1184	-0.03	0.00	JUN	0.26	0.63	26.0	65.8	2.4	0.0	-0.0	-0.0	0.7
1N	MORAGA CORP	OC-MORA	1355	0.43	0.00	OCT	0.00	3.00	0.0	-4.2	0.0	0.0	597.7	0.0	4.1
3N	MTG INV WASH	OC-MINVS	2146	4.13	0.00	SEP	0.00	1.88	7.4	7.4	0.0	0.0	-54.5	0.0	4.0
4N	Y NATIONAL MTG	OC-NMF	3707	2.03	0.00	NOV	0.00	0.75	0.0	2.7	0.0	0.0	-63.1	0.0	2.8
5N	VJNJB PRIME INV	OC-NJB	1330	-7.15	0.00	AUG	0.00	1.25	25.0	25.0	0.0	0.0	-0.0	-0.0	1.7
5N	PLAZA REALTY	OC-PRISS	1114	0.73	0.00	SEP	0.00	0.88	-12.0	0.0	0.0	0.0	20.5	0.0	1.0
3N	REPUBLIC MTG	NY-RMI	2107	3.90	0.00	SEP	0.00	1.75	16.7	26.8	0.0	0.0	-55.1	0.0	3.7
1N	TEXAS FIRST MTG	OC-TFMS	1055	8.03	0.00	SEP	0.03	3.38	17.4	12.7	112.7	0.0	-57.9	0.4	3.6
2N	TIERCO	OC-TIERS	1170	6.62	0.00	SEP	0.12	2.75	22.2	4.6	22.9	0.0	-58.5	1.8	3.2
4N	TRECO	OC-TRECS	2238	0.99	0.00	SEP	0.04	1.00	-11.5	-5.7	25.0	0.0	1.0	4.0	2.2
4N	UMET TRUST	NY-UAT	2109	-3.46	0.00	AUG	0.00	2.13	70.4	13.3	0.0	0.0	-0.0	-0.0	4.5
2N	WESTPORT CO	OC-WSPTS	2388	4.57	0.00	OCT	0.35	2.88	21.0	18.0	8.2	0.0	-37.0	7.7	6.9
GROUP AVERAGE			3225	0.46	0.00		0.25	1.94	12.6	9.0	7.9	0.0	320.5	53.4	156.4
MTG & FORECLOSED PROP-NON-QUALIFIED-COMCL BANK SPONSOR															
5N	AMER FLETCHER M	OC-AFM	1352	0.26	0.00	OCT	0.00	1.75	7.4	7.4	0.0	0.0	573.1	0.0	2.4
2N	CAMERON-BROWN	NY-CB	2016	7.14	0.00	SEP	0.09	2.88	15.2	9.5	32.0	0.0	-59.7	1.3	5.8
5N	Z CHASE MAN MTG	NY-CMR	5130	-6.00	0.00	NOV	0.00	0.75	0.0	50.0	0.0	0.0	-0.0	-0.0	3.8
NR	CITINATL DEV	OC-CITI6	600	13.63	0.00	SEP	0.30	7.88	1.7	5.1	26.3	0.0	-42.2	2.2	4.7
3N	CITZNS&O RLTY	NY-CZS	3829	1.91	0.00	SEP	1.77	1.38	22.1	22.1	0.8	0.0	-27.7	92.7	5.3
2N	CLEVELTRUST RLTY	OC-CTRS	2525	10.71	0.00	SEP	0.22	4.00	3.1	6.7	18.2	0.0	-62.7	2.1	10.1
4N	FIDELCO GROWTH	AS-FGI	1580	5.32	0.00	NOV	1.11	4.50	33.1	9.0	4.1	0.0	-15.4	20.9	7.1
2N	FIRST DENVER MI	OC-FDENS	1621	6.98	0.00	SEP	0.71	2.38	11.7	11.7	3.4	0.0	-65.9	10.2	3.9
2N	FIRST MEMPHIS	OC-FMEMS	1156	5.14	0.00	AUG	0.55	2.88	35.2	4.7	5.2	0.0	-44.0	10.7	3.3
3N	FIRST PENN MTG	NY-FPM	2961	2.50	0.00	OCT	1.17	2.00	22.7	33.3	1.7	0.0	-20.0	46.8	5.9
3N	FIRST WISCONSIN	OC-FWMTS	1988	5.37	0.00	SEP	0.00	3.25	30.0	12.8	0.0	0.0	-39.5	0.0	6.5
5N	INDEPENDENCE MT	OC-INTGS	2500	-3.80	0.00	SEP	0.13	1.38	38.0	38.0	10.6	0.0	-0.0	-0.0	3.5
2N	MARYLAND REALTY	OC-MDRTS	760	9.59	0.00	AUG	0.16	3.75	25.0	17.9	23.4	0.0	-60.9	1.7	2.9
2N	NW FINANCIAL IN	OC-NFINS	1510	14.35	0.00	SEP	0.12	8.50	3.0	4.6	70.8	0.0	-40.8	0.8	12.8
3N	TRI-SOUTH MTG	NY-TSI	2270	3.29	0.00	SEP	1.34	2.88	15.2	28.0	2.1	0.0	-12.5	40.7	6.5
2N	WACHOVIA RLTY	NY-WRI	3335	9.21	0.00	NOV	0.00	3.88	6.9	0.0	0.0	0.0	-57.9	0.0	12.9
GROUP AVERAGE			2196	5.35	0.00		0.48	3.38	13.1	10.4	7.0	0.0	-36.9	9.0	97.4
MTG & FORECLOSED PROP-NON-QUALIFIED-MISC FIN SPONSORS															
2N	ATLANTA NATL	OC-ATNAS	1273	8.99	0.00	AUG	0.00	5.25	31.3	31.3	0.0	0.0	-41.6	0.0	6.7
3N	BARNES MTG INV	OC-BARNES	1910	10.32	0.00	SEP	0.00	2.50	33.0	33.0	0.0	0.0	-75.8	0.0	4.8
4N	CI MTG GROUP	PH-CI	4812	5.82	0.00	JUL	0.00	3.50	27.3	16.7	0.0	0.0	-39.9	0.0	16.8
2N	GMR PROP	NY-GMR	2210	3.63	0.00	NOV	0.00	2.63	39.9	39.9	0.0	0.0	-27.5	0.0	5.8
4N	IDS REALTY	OC-IDR	2409	3.65	0.00	OCT	12.01	1.88	25.3	36.2	0.2	0.0	-48.5	329.0	4.5
3N	SOUTH ATLANTIC	NY-S													

CONVERTIBLE DEBENTURES

DEBENTURE	EX	MAT	INT (%)	CONV AT	RECENT PRICE	YIELD (%)	% CHNG	CONV PARITY	STOCK PRICE
AMER CENTURY	AS	'90	7.00	21.00	57.50	12.2	-11.4	12.07	3.75
AMER CENTY'B	NY	'91	6.75	28.00	56.25	12.0	0.4	15.75	3.75
AMER REALTY	OC	'84F	7.00	10.40	60.00	DEF	0.0	6.24	2.00
BAIRD&WARNER	OC	'91	6.75	21.00	61.00	11.1	-3.1	12.81	8.00
BANKAMERICA	OC	'90	6.75	21.00	78.00	8.7	0.0	16.38	11.50
BENEF STD MI	OC	'91F	6.50	27.75	50.00	13.0	0.0	13.87	3.00
CAPITAL MTG	OC	'91F	6.50	33.00	50.00	13.0	2.0	16.50	1.13
CHASE MANHTN	OC	'96F	6.50	55.00	38.00	DEF	52.0	20.90	0.75
CHASE MANHTN	OC	'97	11.63	2.25	37.00	DEF	27.6	0.83	0.75
COMPASS GP	OC	'98F	8.25	1.35	98.00	8.4	-1.9	1.32	1.10
CONN GENERAL	NY	'96	6.00	32.50	68.00	8.8	0.7	22.10	18.63
CONVNTL MTG	OC	'90	6.25	19.79	23.50	VJ	-2.0	4.65	0.24
FOUITRI LF M	NY	'90	6.75	26.25	72.13	9.4	-3.7	18.93	18.25
FIRST NEWPR	OC	'91F	6.75	27.50	48.00	14.1	9.1	13.20	1.50
FIRST PENN M	OC	'91F	6.75	8.65	46.00	14.7	2.2	3.97	2.00
FIRST UNION	NY	'91	7.00	13.00	85.00	8.2	-3.5	11.05	10.88
FRANKLIN RLY	AS	'89	7.00	10.00	73.00	9.6	2.8	7.30	5.00
GRT AMER MI	OC	'91	7.00	35.50	13.00	VJ	-7.0	4.61	0.50
HANOVER SQ R	AS	'92	7.25	21.00	76.50	9.5	1.3	16.06	6.50
HEITMAN MTG	AS	'92	7.50	14.70	59.00	12.7	9.0	8.67	1.63
HOTEL INVSTR	OC	'90	7.75	21.00	81.00	9.6	9.5	17.01	17.38
HOTEL INVSTR	OC	'91	7.50	25.25	77.00	9.7	8.5	19.44	17.38
LINCOLN MTG	OC	'90	8.00	11.00	52.00	15.4	-10.2	5.72	2.25
MASSHUTL MTG	NY	'90	6.75	21.00	76.13	8.9	0.0	15.98	13.50
MASSHUTL M	NY	'91	6.25	33.50	75.13	8.3	-0.7	25.16	13.50
MIDLAND MTG	OC	'86	7.00	16.67	52.00	13.5	2.0	8.66	1.75
MONTY MTG IN	NY	'90	7.00	11.00	79.13	8.8	-8.0	8.70	8.00
MTG INV WASH	OC	'90	8.00	15.00	64.00	12.5	0.0	9.60	1.88
NJB PRIME	OC	'91F	6.75	21.00	32.00	VJ	6.7	6.72	1.25
NOVSTNR MUTL	NY	'91	6.00	21.00	72.00	8.3	-0.6	15.12	10.00
RAM PACIFIC	OC	'91	6.75	21.00	69.00	9.8	-1.3	14.49	12.88
REALTY INCOM	AS	'91	8.00	18.00	68.38	11.7	2.1	12.30	11.00
REPUBLIC MI	NY	'90	9.00	19.00	90.13	10.0	-0.3	17.12	1.75
SAUL (BF) RL	OC	'91	6.50	23.00	59.00	11.0	3.5	13.57	6.88
SAUL(BF) REI	OC	'90	8.00	15.50	72.00	11.1	5.9	11.16	6.88
STATE MUTUAL	AS	'91	6.75	21.00	68.00	9.9	0.7	14.28	4.50
SUTRO MTG	NY	'82	6.75	20.00	84.00	8.0	1.2	16.80	9.50
SUTRO MTG	AS	'91	6.75	20.00	66.00	10.2	6.5	13.20	9.50
TPT-SO / SP	PH	'88	10.00	2.50	105.00	9.5	0.0	2.62	2.88
TPT-SOUTH MI	NY	'92F	7.00	29.50	55.00	12.7	5.8	16.22	2.88
US BANCORP	AS	'92	7.00	26.25	74.00	9.5	0.0	19.42	15.00
US REALTY IN	NY	'89	5.75	20.20	55.00	10.5	1.4	11.11	5.13
WESTPORT CO	OC	'91F	6.75	21.00	55.00	12.3	-5.1	11.55	2.88

CONVERSION PARITY IS PRICE AT WHICH SHARES WOULD HAVE TO SELL TO JUSTIFY DEBENTURE PRICE. VJ-IN BANKRUPTCY REORGANIZATION. F-TRADES FLAT, WITHOUT ACCRUED INTEREST. DEF-IN DEFAULT.

WARRANTS

NAME	EXCH/ SYMBOL	EXP DATE	OUT (000)	EXER PRICE	NO. SH.	WTS PRICE	STK PRICE	CONV PREM	% CHG	MKT VA (MIL\$)
BARNES MTG	O-BARNW	12/82	1910	20.00	1.0	0.03	2.50	701.2	50.0	0.1
CAPITAL MTG	O-CMORW	11/79	471	16.59	1.0	0.01	1.13	1369.0	0.0	0.0
CI MTG	P-CI.W	3/80	2854	20.00	1.0	0.03	3.50	472.5	-49.9	0.1
CITIZNS&SO-B	O-CZS5	4/83	258	2.00	50.0	6.00	1.38	53.6	29.0	1.5
FLATLEY RLY	O-FLTLW	5/79	1000	10.00	1.0	0.13	3.75	170.1	0.0	0.1
JMB REALTY	O-JMBRW	8/82	510	20.00	1.0	0.50	15.00	36.7	0.0	0.3
M&T MTG INV	O-MTMVW	8/80	747	13.00	1.0	0.13	9.50	38.2	0.0	0.1
MTG INV WASH	O-MINWV	3/80	931	15.00	1.0	0.03	1.88	699.5	0.0	0.0
NATIONWID RE	O-NPELV	1/81	652	32.00	1.0	0.05	14.00	128.9	-66.6	0.0
NORTH AM MTG	A-NAMW	3/79	710	31.13	1.0	0.01	3.13	894.9	-49.9	0.0
REPUBLIC MI	A-RPMW	6/79	1064	20.00	1.0	0.01	1.75	1043.4	0.0	0.0
SAN FRAN RET	A-SFTW	12/80	1348	25.00	1.0	0.75	18.50	39.2	19.0	1.0
SECURITY MT*	A-SMOW	5/79	3117	16.00	1.0	0.02	3.50	357.7	0.0	0.1
SUTRO MTG(R)	A-SUTW	6/82	700	20.00	1.0	0.88	9.50	119.8	27.5	0.6
UNITED RLY	A-URTW	12/79	3610	20.00	1.0	0.06	8.25	143.2	0.0	0.2

*DEBENTURES USABLE IN LIEU OF CASH. NOTE: BUYERS ARE CAUTIONED THAT SPREADS BETWEEN BID AND ASKED PRICES FOR WARRANTS ARE VERY LARGE AND PRICES MAY VARY SIGNIFICANTLY.

NON/LOW EARNING INVESTMENTS AS OF JANUARY 23, 1979

	<u>Number</u>	<u>-----Invested Assets-----</u>		<u>% Non- and</u>	<u>% Change</u>
		<u>Non/Low-Earn.</u>	<u>Total</u>	<u>low-earning</u>	<u>in month</u>
PROPERTY.....	31	\$ 96M	\$ 2,039M	5%	-1.0%
PROPERTY & MTG.....	23	419	1,872	22	-8.8
SHORT/TERM MTG.....	11	156	717	22	+10.3
L/T MTG/PROPERTY....	13	291	1,711	17	-1.0
MTG/FORECLOSED PROP.	62	4,335	6,048	72	-1.3
TOTALS/AVERAGES....	140	\$5,297M*	\$12,387M	43%	-1.6%

* Includes \$1,054M or 8.5% low-earning assets. M=Million.

HOW TO USE COMPARATIVE TRUST STATISTICS

These data are designed to facilitate comparison of relative efficiency of real estate investment trust managements with available funds. Readers should note that historical data are used and thus no earnings or dividend projections or estimates are included. Investors are advised to consider carefully the following distinctive characteristics of REITs compared with other industrial or financial securities:

Annualized Dividend and Yield: Most REITs do not pay a posted quarterly dividend rate but instead pay their approximate earnings (or net cash flow, if appropriate) for the quarter. They follow this practice because REITs are required to pay at least 90% of earnings to shareholders in order to qualify for exemption from Federal income taxes. This practice means that dividends paid by most REITs will vary much more from quarter to quarter than industrial securities. This possibility for quarterly variations gives REIT shares higher risk because earnings do not provide a safety margin of coverage for the dividend as they do for industrial stocks. The outlook and stability of dividends are thus key factors in our RELATIVE APPEAL RANKINGS. The "Annualized Dividend" column is the latest quarterly payout annualized by multiplying by four, and adjusted for any capital gains or other special dividend payments. Special dividends, marked "s", are paid to maintain tax exemption but are not expected to be continued in subsequent quarters. Because of these possible variations, annualized dividends and yield are not to be considered in any way as posted or guaranteed yields.

Annualized Earnings and Price/Earnings Ratio: For mortgage trusts, latest quarter earnings are multiplied by four. Zeroes indicate losses or no earnings for the quarter indicated. Losses per share are shown in RELATIVE APPEAL RANKINGS. For equity trusts, annualized net cash flow as calculated by Audit Investment Research, Inc. is used in place of earnings as the best single measure of results. Net cash flow is defined as net income plus depreciation minus mortgage amortization. The symbol "\$" indicates cash flow in the earnings column. For a few trusts, gross cash flow (i.e., net income plus depreciation) is used, denoted by "*". Cash flow derived from amortization of debt discount is denoted by "@". The price/earnings ratio relates current price to the most appropriate earnings result. Both earnings (EPS) and net cash flow (CFS) per share for equity trusts for current periods are shown in RELATIVE APPEAL RANKINGS.

Shares: The number of shares outstanding, in thousands, is the number issued as of the latest balance sheet and is not adjusted for any potential conversion of debentures or exercise of warrants. Book value per share is essentially net tangible worth per share. The number does not reflect any changes in asset values through appreciation or abnormal depreciation of assets, nor any potential increase from possible conversion of debentures. Realized and estimated investment losses, as determined by management's provision for possible losses, are deducted from book value under AICPA rules. Audit also deducts intangible debt discount and expense costs from book value.

trust can get a jump ahead of competitors. We hear that siren but feel, deep down, that the proposal won't fly in present form and that management will have to let outside shareholders have the same opportunity to buy discount shares. If you don't own SMO stock, the proposal signals management's conviction that an earnings turnaround is ahead. Thus we've moved shares to No. 1-Highest appeal in our Relative Appeal Rankings.

Our investment strategy at present: Be a modest buyer but maintain some cash reserves against a possible buying opportunity, perhaps in the spring, if external factors such as the Iran situation bring another upward blip in interest rates.

MERGERS/ACQUISITIONS: PNB MTG. AND SUTRO TALK MERGER; CAPITAL MTG. AND UMET SOUGHT

As predicted last issue, the merger/acquisition pot is boiling. Biggest possible transaction could come if PNB Mtg. & Realty succeeds in convincing Sutro Mtg. Inv. Trust to join it. Both are NYSE listed, both have record of paying dividends during the recession, both are mortgage oriented. PNB, in fact, has just sold its largest property holding, a Philadelphia apartment complex. An acquisition at current market prices would involve about \$22 million.

Implicit in the talks is recognition that only much larger mortgage trusts can make it with investors, especially institutional ones. The costs of running a smaller mortgage trust are so large relative to narrow lending spreads that only very large trusts are economically efficient. The pending acquisition of Nationwide RE by an Ohio S&L recognizes this fact of life, as does the proposed PNB-Sutro alliance.

Capital Mortgage Investments has agreed in principle to merge into closely-held Columbia Corp. in a proposed share exchange. Capital common and preferred holders would wind up owning slightly over half of the shares of the new company.

Columbia Corp. has a controlling stock

interest in \$45-million asset Friendship Savings & Loan of Chevy Chase, Md. Columbia at present is believed owned by the chairman, president, and other officers and some trustees of Capital.

The proposed exchange would in effect permit Columbia to go public and emerge as a holding company holding Capital Mortgage and Friendship S&L as subsidiaries. The proposal calls for Columbia to acquire minority interests in Friendship. If Capital's shareholders and banks approve, the exchange could be completed by mid-year.

UMET Trust said Perpetual Storage, Inc., privately held company, has bought 8% of UMET's shares and intends to seek control of the trust, which has \$82 million assets. Perpetual Storage bases in Salt Lake City and operates underground storage facilities for microfilm and other records.

One hint for investors: Capital and UMET both have negative book value under general accounting principles and are in a very small group of such trusts that haven't sought Bankruptcy Act protection.

Others in this class: BT Mtg. Inv., First Mtg., Independence Mtg.

TENDERS/EXCHANGES/WORKOUTS: GMR PROPS. AND INST. INVESTORS END OFFERS; CHASE PLAN

About 74% of holders of GMR Properties 7.7% notes due 1980 took \$1,025 of new 8½% debentures due 1987 and 50 shares in an exchange. Banks then extended GMR's credit agreement until 1983.

Institutional Investors holders of 73% of its 7-7/8% notes took a similar offer but banks had demanded 80% acceptance. Banks went along with the lower percentage and the deal is being closed.

Chase Manhattan Mtg. & Rlty. has sweetened its offer to senior and subordinated bondholders, offering \$150 cash and preferred convertible into 490 sh. for each \$1,000 of subordinated debt. Approval as a Ch. XI bankruptcy plan will be sought. Subordinated debt would wind up with 68% of the company if approved.

EARNINGS TRENDS: LOMAS & NETTLETON MTG.'S BIG QUARTER CHASES THE INTEREST BOGEYMAN

Lomas & Nettleton Mtg. Inv.'s earnings held up far better than expected as LOM turned out 49¢/sh. earnings and dividend in the Dec. quarter, up 1¢. LOM's advisory field force simply is turning out new commitments, mostly single-family construction loans with takeouts in the Sunbelt, so rapidly that loan fundings and commitment fee income is running ahead of expectations. LOM approved \$97 million

New Earnings Reports

Trust-Period ended	-----Latest quarter----- Th.\$/Spec'l# EPS/Spec'l#	-Prev. Q- EPS/Spec'l#	-Yr.AgoQ-- EPS/Spec'l#	-% Chng. From**-- Prev.Q Yr.ago
Quarterly results: Qualified trusts:				
BT Mtg. Inv.....Sept.	\$d1,001/761S, d50.47/36cS & d106G 5cG	d0.14/19cG	d0.31/15cG	Worse* Worse*
ConnGen. M&R....Dec...	1,626/277G 0.29/5cG	0.29/6cG	0.32	+ 4%* -25%*
First Union RE....Oct...	1,114 0.21a	0.43/23cG	0.21	- 5* UC
Fraser Mtg.....Nov...	277 0.27	0.27	0.25	UC + 8
GREIT Realty.....Oct...	121 0.12	0.14	0.22/7cG	-14 -20*
Hanover Sq. Rlty.Nov...	d 31 d0.03	0.05	0.31/37cG, 8cR Worse	Better*
Hotel Inv.....Nov...	681 0.43	0.29	0.40	+48 + 8
Hubbard REI.....Oct...	1,861 0.47	0.48	r0.87/44cY	- 2 + 9
ICM Realty.....Nov...	392 0.13	0.24	0.37/15cG	-46 -41
JMB Realty.....Nov...	247 0.48	0.61	0.46	-21 + 4
Lomas & Net. Mtg. Dec...	1,822 0.49	0.48	0.42	+ 2 +17
Miller (Han.) Rlty.Nov...	165 0.29	2.34/2.13G	0.04	+38* +625
Mission Inv.....Nov...	7 0.004	d0.005	d0.13	Better Better
Mtg. Tr. Amer.....Nov...	1,622 0.42	0.14	0.25	+200 +68
NW Mut. Life.....Dec...	950 0.20	0.17	0.17	+18 +18
Penn. REIT.....Nov...	760 0.50	0.87/41cG	0.82/47cG	+ 9 +43
PNB Mtg. & Rlty.....Dec...	1,376/850G 0.56/34cG	0.24/5cG	0.22	+16* UC*
Sutro Mtg. Inv.....Dec...	577 0.25	0.32/22cG	0.12/1cG	+150* +127
Terrydale Rlty.....Sept...	194/57G 0.58/18cG	0.39	0.27	+ 3* +48*
United Realty.....Nov...	726/d185b 0.20/d5cb	0.21/2cR	0.20	+ 5* UC
U.S. Equity M&E.....Oct...	248 0.21	0.31/7cG	0.10	-13* +110
Wells Fargo M&E.....Dec...	1,573 0.40	0.42/15cG	0.39/6cG	+48 +21
Quarterly results: Nonqualified business trusts:				
Amer. Realty.....Sept...	740/84ON 0.33/38cN	0.03	0.23/21cG	Worse* Worse*
Barnes Mtg. Inv..Sept..d1,482/d32S	d0.78/d2cS	d0.23/27cG	d0.60/4cS	Worse Worse
Chase Man. M&R...Nov...d6,065	d1.21	d0.97/16cG	d1.69/3cS	Worse Better
C.I. Realty Inv..Nov...	15 0.01	d0.09	d0.08	Better Better
Citizens Mtg.....Sept...	d209 d0.15	d0.45	d0.67	Better Better
CleveTrust Rlty..Sept...	823/1126G&N 0.22/45cG&N	d0.17/d5cN	d0.69	Better Better
Cousins M&E.....Nov...	835/837S 0.22/22cS	d0.01/6cS	d0.10/67cS	Better Better
Fidelco Growth.....Nov...	1,746/1,753S&I 1.11/1.11S&I	1.59/2.64	d3.94	Better* Better
GMR Properties...Nov...	d307 d0.14	0.00/16cS	d0.18/19cS	Better* Better*
Insti. Investor..Oct...	d616/521R d0.10/9cR	0.33/85cI	d0.29/21cG	Better* Better*
Metroplex Rlty...June...	306/337G 0.26/28cG	d0.17	1.08/1.62S	Better* Better*
National Mtg.....Nov...	d 5 0.00	0.03/4cR	0.00/13cS	Better* Better*
So. Atlantic Tr..Oct...	908/1532S & 1083c 40cc	0.34/57cS & 0.08/83cY	d1.93/15cS	+325 Better
State Mutual Inv..Dec...	287/139N 0.10/5cN	0.23/17cN&G	9.62/8.36Z & 1.69G	-17* Better*
Annual results: All trusts:				
Amer. Realty.....Sept...	1,760/1276G 0.79/57cG	0.01/15cG	---	Worse*
Barnes Mtg. Inv..Sept..d2,679/1767G	d1.40/93cG & 840N & 38cN	d1.47/20cG & 20cS	---	Better
BT Mtg. Inv.....Sept...	d734/656G d0.35/31cG	d0.78/15cS	---	Better
CleveTrust Rlty..Sept...	2,229/3745G&N 0.88/1.48G&N	d1.20	---	Better*
Fidelco Growth...Nov...	5,769/5851S&I 3.65/3.70S&I	d9.34	---	Better
First Union RE....Oct...	5,593/1327G 1.10/30cG	0.86	---	- 7*
GREIT Realty.....Oct...	500 0.50	0.69/7cG	---	-19*
Hubbard REI.....Oct...	7,275 1.82	2.06/44cYr	---	+13*
ICM Realty.....Nov...	2,414/479G 0.80/16cG	0.84/25cG, 7cW	---	+24*
Mission Inv. Tr..Nov...	360/226G, & 300R & 17cR	d0.43	---	Better*
Mtg. Tr. Amer.....Nov...	4,711 1.22	d0.25	---	Better
So. Atlantic Tr..Oct...d1,659/1532S	d0.61/57cI & 793I & 66cI	d3.27/81cS	---	Better
Terrydale Rlty...Sept...	761/179G 2.27/54cG	1.31	---	+32*
United Realty.....Nov...	2,926/90G, 85R d185b & d4cb	0.81/2cG, 2cR 0.77	---	+ 3*
U.S. Equity & Mtg..Oct...	1,102/81G 0.87/7cG	0.55/1cG	---	+48

UC=Unchanged. NM=Not meaningful. r=Restated. p=Preliminary. d=Deficit.

*—Special items shown in both thousand dollars and share amounts as: C=Gain on sale of assets; I=Interest forgiveness; L=Loss on sale of assets; N=Net operating loss (NOL) benefit; R=Recovery of past-due interest or prepayment fees; S=Swap of assets with banks; T=Gain on market purchase of debt at discounts; W=Gain (loss) on mortgage refinancing; X=Settlement with adviser, sponsor or insurance company; Y=Loss reserve credit; Z=Gain on debt restructuring via exchange or tender offers.

** Comparisons are based upon earnings per share. Where loss is reported in one or both quarters, change in direction is shown as "Better" or "Worse."

* Compared before special items.

a-After preferred dividend (First Un.). b-After 5¢/sh. litigation charge (United Rl.).

c-Gain on change in accounting for condominium sales.

commitments the past 1½ months, over 90% covered by permanent mortgage takeouts and only \$6 million of land acquisition and development loans.

The key to LOM's earnings thrust is continued ability to sell commercial paper at about 1% below the prime rate. And the trust is seeking an A-1 rating which could lower costs more. The No. 2-ranked shares are now an attractive speculation.

PNB Mtg. & Realty sold a major Philadelphia apartment complex and reported 34¢/sh. gain on the deal. While conceptually attractive, the complex had suffered from high operating costs and lost 1¢/sh. in the Sept. 1978 fiscal year after 22¢/sh. depreciation. Sale should improve PNB's lackluster return on book value.

ICM Realty earned 13¢/sh. in the Nov. quarter, last in its fiscal year, and declared a 50.3¢/sh. dividend (p. 3). ICM earned 80¢/sh. for the year, down from 84¢, but operating income rose while gains on asset sales fell to 16¢ from 25¢.

Pennsylvania REIT boosted income 43% from year-ago levels in the Nov. quarter (see table). Rents rose 6.3% and total expenses were contained so that most rent rises fell to net income. Funds generated from operations after mortgage principal payments rose 33% to 63¢/sh.

Northwestern Mutual Life Mtg. net rose 18¢ to 20¢/sh. in the Dec. quarter; no capital gains were included. NML approved \$41.1 million net short-term mortgage loans in the quarter, well ahead of 1978.

Hotel Investors EPS soared 48% in the Nov. quarter over the preceding quarter; no reason for the rise was given. We hear (but cannot verify) reports of a strong earnings surge in the Aug. 1979 fiscal year, and it's possible HOT may enter the merger/acquisition lists too.